

EX PARTE PRESENTATION

DOCKET FILE COPY ORIGINAL

1401 H Street, N.W.
Suite 1020
Washington, D.C. 20005
Office 202/326-3822



Anthony M. Alessi
Director
Federal Relations

September 17, 1997

EX PARTE

RECEIVED

SEP 17 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

Re: Ex Parte Presentation
CC Docket 96-262

Dear Mr. Caton:

On Tuesday, September 16, 1997, Ms. Karen Vessely, President, Ameritech Long Distance Industry Services, Mr. Greg Brown, President, Ameritech Custom Business Services, Ms. Kristin Shulman, Mr. Karl Wardin and I met with Mr. Richard Metzger, Acting Chief, Common Carrier Bureau, Mr. James Schlichting, Chief, Competitive Pricing Division, Mr. Glenn Reynolds, Mr. Aaron Goldschmidt, and Ms. Dana Bradford to discuss Ameritech's position on reconsideration in the above referenced docket. The attached material was used in the course of the meeting.

Sincerely,

Attachment

cc: R. Metzger
J. Schlichting
G. Reynolds
A. Goldschmidt
D. Bradford

No. of Copies rec'd
List ABOVE

0+2



AMERITECH
ACCESS REFORM RECONSIDERATION
DOCKET 96-262

September 16, 1997

PICC should be charged on a trunk equivalency basis for Centrex lines

- Business Multiline PICC is recovering subsidies for (1) loop and line port of Primary Residential lines and Single line business and (2) Universal Service
- There is no basis for charging IXC serving Centrex customers excessive PICC charges relative to those IXC serving PBX customers

<u>Stations Served</u>	<u>Centrex PICC</u>	<u>PBX PICC</u>	<u>Times Higher</u>
70	\$ 2,310	\$ 264	9x
2,500	\$ 82,500	\$ 4,950	17x
10,000	\$330,000	\$18,678	18x

- Government, Education and Health Care facilities that primarily use Centrex will be most heavily impacted
- Strong disincentive for customers to choose Centrex systems due to regulations, not due to economically competitive efficient alternatives
- Calculating PICC on a trunk equivalency basis for Centrex lines will not undermine the overall access reform restructure; the results include a minimally higher MOU rate in 1998 and slightly higher multi-line PICC rate in 1999.

Illinois Trunk Equivalency Tariff

<u># Lines</u>	<u>Trunk Equivalency</u>
2-19	2
20-28	3
29-38	4
39-47	5
48-57	6
58-66	7
67-76	8
77-85	9
86-95	10
96-104	11
105-114	12
115-123	13
124-132	14
133-142	15
143-151	16
152-161	17
162-170	18
171-180	19
181-189	20
190-199	21
200-207	22
208-225	23
226-243	24
244-262	25
263-281	26
282-300	27

1 additional trunk for each 18 stations over 300

Marketing Expenses Should be Recovered by all Lines

- Ameritech incurs marketing expense not only for multi-line business and non-primary customers, but also for residential and single line business customers.
- More than \$20 million was spent on advertising to residential and single line business customers.
- Shifting the marketing expense recovery solely to multi-line business and non-primary line residential customers would increase the SLC by approximately \$0.50 a month. If the marketing expenses were recovered by all lines, then the SLC would increase by approximately \$0.13 a month.
- There will be no additional burden placed on primary residential and single line business customers in 1998 since the SLC cap remains at \$3.50.
- Marketing expenses allocated to primary residential and single line business customers will initially be recovered through a MOU charge and, over time, will be shifted to the PICC.

Universal Service Fund Contributions Should Be Excluded From the Productivity Factor

Paragraph 379 of the May 16, 1997 First Report and Order permits Price Cap LECs to treat their contributions to the universal service mechanism as exogenous changes to their PCIs.

- The Commission needs to adopt the revision to the price cap formula proposed by USTA that keeps the basket PCIs whole and does not undermine Ameritech's ability to fully recover USF contributions.
- Application of the X-factor to USF contributions is contrary to the intent of the order.
- USF contributions are by definition a subsidy and should not be subject to the X-factor. Ameritech's USF contributions are not affected by productivity growth.